

Message Text

PAGE 01 STATE 199878

15
ORIGIN ARA-10

INFO OCT-01 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00

INRE-00 ISO-00 IO-10 PM-04 H-02 INR-07 L-03 NSC-05

PA-02 PRS-01 SP-02 SS-15 AID-05 EB-07 CIEP-02 TRSE-00

STR-04 OMB-01 CEA-01 COME-00 LAB-04 SIL-01 IGA-01

SCA-01 AGR-10 /099 R

66622
DRAFTED BY: ARA/PAF: PENIEBURG: JZ
APPROVED BY: ARA/PAF: PENIEBURG
ARA/CCA: GLEYSTEEN (INFO)
USIA/ILA: DDILLON (INFO)

----- 027366

O 220302Z AUG 75
FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS IMMEDIATE
USMISSION USUN NEW YORK IMMEDIATE
USINCSO

UNCLAS STATE 199878

E.O. 11652: N/A
TAGS: PFOR, OAS, CU
SUBJECT: BACKGROUND BRIEFING BY ASSISTANT SECRETARY ROGERS
ON LIFTING OF THIRD-COUNTRY RESTRICTIONS AGAINST CUBA

SUBSEQUENT TO READING OF OFFICIAL ANNOUNCEMENT BY DEPARTMENT SPOKESMAN, ASSISTANT SECRETARY ROGERS GAVE FOLLOWING BACKGROUNDER:

(INTRODUCTION BY SPOKESMAN: ASSISTANT SECRETARY ROGERS IS HERE TO RESPOND TO YOUR QUESTIONS ON BACKGROUND. HIS REPLIES SHOULD BE ATTRIBUTED TO EITHER A U.S. OR STATE DEPARTMENT OFFICIAL, AND SHOULD BE PARAPHRASED)
UNCLASSIFIED

PAGE 02 STATE 199878

Q: MR. SECRETARY, I HAVE ONE HERE.

AS I RECALL, ALL I CAN REMEMBER IS A COUPLE OF CANADIAN SUBSIDIARIES OF U.S. COMPANIES THAT WANTED TO SHIP LOCOMO-

TIVES AND OFFICE FURNITURE OR SOMETHING, TO CUBA. WAS THERE ANY PRESSURE FROM U.S. SUBSIDIARIES ELSEWHERE IN THE WORLD?

ASSISTANT SECRETARY ROGERS: WE HAVE HAD INQUIRIES FROM SUBSIDIARIES IN A NUMBER OF OTHER COUNTRIES. YOU WILL RECALL THAT LAST YEAR THE QUESTION OF SHIPMENTS OF THE OUT-PUT OF CERTAIN ARGENTINE SUBSIDIARIES OF U.S. AUTOMOBILE MANUFACTURERS BECAME THE SUBJECT OF A SPECIFIC LICENSE.

Q: THERE HAVE BEEN OTHERS, HAVE THERE NOT? THERE HAVE BEEN A NUMBER OF EXCEPTIONS. WAS THERE NOT AN EXCEPTION ON CANADIAN LOCOMOTIVE SALES AND OTHER PRODUCTS OF CANADIAN SUBSIDIARIES?

A: THAT IS RIGHT. THERE HAVE BEEN A NUMBER OF SPECIFIC EXCEPTIONS.

Q: ONE GENERAL QUESTION I WOULD LIKE TO ASK HERE. MY RECOLLECTION IS THAT AFTER THE OAS ACTION WAS TAKEN, THE ADMINISTRATION'S POSITION WAS THAT IT WOULD NOT ENGAGE IN PIECEMEAL ACTION ON THE U.S. STATUS TOWARDS CUBA, BUT THERE WOULD HAVE TO BE COMPREHENSIVE NEGOTIATIONS COVERING A WHOLE RANGE OF U.S.-CUBAN RELATIONS, AND THE POSITION WAS EXPRESSED HERE THAT THE ADMINISTRATION WOULD BE OPPOSED TO CONGRESS TAKING ANY UNILATERAL ACTION. WHAT I AM ASKING IS FOR AN EXPLANATION OF THIS ACTION, OR IS THIS PRIMARILY BASED ON DEFENSIVE U.S. POLICY UNDER THE PRESSURE OF ACTIONS BEING TAKEN BY OTHER NATIONS?

A: BASICALLY THE DIFFERENCE IS THE DIFFERENCE BETWEEN THE MULTILATERAL CONSTRAINTS, OR THE MULTILATERAL ASPECTS OF THE CUBAN DENIAL POLICY AND THE BILATERAL ASPECTS OF OUR CUBAN RELATIONSHIP. THE SECRETARY HAS SAID ON A NUMBER OF OCCASIONS THAT WITH RESPECT TO THE VARIETY OF BILATERAL ISSUES, WE ARE PREPARED TO HAVE SERIOUS UNCLASSIFIED

PAGE 03 STATE 199878

EXCHANGES WITH CUBA ON THE BASIS OF RECIPROCITY. WHAT WE ARE DOING HERE TODAY, HOWEVER, IS NOT RELATED TO THE BILATERAL RELATIONSHIP. IT IS ESSENTIALLY AN ACTION TAKEN IN THE CONTEXT OF THE SAN JOSE DECISION WHICH WAS THAT ALL COUNTRIES SHOULD BE FREE TO CONDUCT THEIR RELATIONSHIPS WITH CUBA, IF ANY, THE WAY THEY WANTED. WHAT WE ARE NOW DOING TODAY, ESSENTIALLY, IS DISMANTLING SO MUCH OF OUR LEGISLATION BY WAIVER OR REGULATIONS WHICH AFFECT WHAT HAPPENS IN THIRD COUNTRIES, OR WHICH PENALIZE OTHER COUNTRIES FOR HAVING RELATIONSHIPS WITH CUBA. IT IS NOT RELATED TO THE BILATERAL ISSUES WHICH, AS THE SECRETARY HAS SAID, WILL BE SUBJECT TO DISCUSSION ON THE BASIS OF RECIPROCITY. IS THIS RESPONSIVE TO YOUR QUESTION?

Q: YES, IT IS--EXCEPT WOULD YOU NOW GIVE US SOME INDICATION, HOWEVER, AS TO WHETHER THIS ACTION IS NOT IN EFFECT A PRELUDE TO BILATERAL ACTION, SIMPLY BY ITS TIMING, BY ITS IMPACT.

A: NO, WE ARE NOT SETTING IT FORTH HERE AS A PRELUDE TO ANY NECESSARY ACTION BILATERALLY. OUR POSITION WITH RESPECT TO THE BILATERAL SITUATION IS VERY CLEAR. WE ARE PREPARED TO HAVE SERIOUS EXCHANGES WITH THE CUBANS WITH RESPECT TO THE BILATERAL ISSUES. BUT THIS IS NOT AN ACTION THAT AFFECTS THE BILATERAL RELATIONSHIP. IT IS AN ACTION, AS I SAY, WHICH ESSENTIALLY IS DESIGNED TO REMOVE THE CONSTRAINTS IN OUR LAWS WITH RESPECT TO WHAT HAPPENS IN THIRD COUNTRIES AND THEIR RELATIONSHIPS WITH CUBA.

Q: IN OTHER WORDS, YOU DO NOT REGARD THIS AS A CONCILIATORY GESTURE OF GOOD WILL. YOU SAY IT HAS GOT NO BILATERAL SIGNIFICANCE WHATEVER?

A: NO. IT IS DIRECTED TO WHAT HAPPENS IN THIRD COUNTRIES.

Q: BUT IT OBVIOUSLY DOES HAVE BILATERAL SIGNIFICANCE IN THE SENSE THAT IT IS A GESTURE. IT IS GOING TO BE SEEN LIKE THAT.

UNCLASSIFIED

PAGE 04 STATE 199878

A: WELL, IT IS AN IMPLEMENTATION OF WHAT HAPPENED AT SAN JOSE. WE OBVIOUSLY WOULD BE HARD-PRESSED TO DENY THAT IT IS GOING TO BE INTERPRETED ESSENTIALLY AS AN ACTION BY THE UNITED STATES WITH RESPECT TO CUBA. BUT BASICALLY THE SIGNIFICANCE OF THIS IS IN TERMS OF OUR RELATIONS WITH OTHER THIRD COUNTRIES. AS YOU POINTED OUT HERE IN THE QUESTIONS AND ANSWERS, WE HAVE HAD A NUMBER OF REQUESTS FOR SPECIFIC WAIVERS FROM A NUMBER OF COUNTRIES--CANADA, ARGENTINA AND SO FORTH. AND THIS IS AN EFFORT ESSENTIALLY TO TIDY UP OUR RELATIONSHIPS WITH THOSE COUNTRIES IN CONFORMITY WITH THE SAN JOSE RESOLUTION.

Q: YOU SEEM TO BE AT SOME PAINS TO AVOID SUGGESTING TO CUBA THAT THIS IS IN ANY WAY A CONCILIATORY GESTURE BY THE UNITED STATES, AS THE SECRETARY ACKNOWLEDGED THE REPAYMENT OF THE DOLS 2 MILLION HIJACK RANSOM MONEY WAS. ARE YOU AT PAINS TO AVOID GIVING THIS IMPRESSION TO CUBA?

A: NO, I AM NOT REALLY TRYING TO COMMENT ON THAT QUESTION ONE WAY OR ANOTHER. WE ARE NOT ADVERTISING IT AS A CONCILIATORY GESTURE. ON THE OTHER HAND, IT IS WHAT IT IS. AS I SAY, IT IS BASICALLY AN IMPLEMENTATION, AND A

SIGNIFICANT ONE, IN PRACTICAL TERMS, OF THE DECISION MADE
IN PRINCIPLE AT SAN JOSE.

Q: YOU WOULD HAVE NO OBJECTION IF IT DOES IMPROVE THE
ATMOSPHERE A BIT, WOULD YOU?

A: I THINK THAT IS A FAIR STATEMENT.

Q: DID THE CUBANS KNOW WE WERE GOING TO DO THIS?

A: NO.

Q: WE HAVEN'T HAD ANY BILATERAL CONTACTS WITH THEM ABOUT
THIS AT ALL?

A: I REALLY WOULD NOT LIKE TO COMMENT ON WHETHER WE HAVE
HAD ANY CONTACTS WITH THE CUBANS OR NOT--NOT IN ORDER TO
HINT THAT WE HAVE OR HAVE NOT, BUT THERE MAY COME A
UNCLASSIFIED

PAGE 05 STATE 199878

DAY WHEN WE WILL BE HAVING THEM AND IF I START TO DENY
THAT WE HAVE HAD THEM TODAY, WHEN THE SPOKESMAN HAS TO
ANSWER THAT QUESTION A WEEK OR A MONTH OR A YEAR FROM NOW,
THAT MAY SET AN AWKWARD PRECEDENT FOR HIM.

Q: ARE WE GOING TO HAVE ANY DISCUSSIONS WITH THE CUBANS
IN THE NEXT TWO WEEKS, WHILE YOU ARE ON VACATION?

A: NOT THAT I KNOW OF.

Q: DID THE RETURN OF THE DOLS 2 MILLION IN RANSOM MONEY
HAVE ANY PERSUASION OR INFLUENCE ON THE UNITED STATES
WHATSOEVER?

A: WELL, I THINK IT IS FAIR TO SAY, AS THE SECRETARY HAS
SAID, THAT THERE HAVE BEEN A NUMBER OF CONCILIATORY
GESTURES ON BOTH SIDES. IN FACT, HOWEVER, THIS PROPOSAL
HAS BEEN IN THE EXECUTIVE MILL FOR SOME TIME. WE HAVE
BEEN AWARE THAT IT WAS CALLED FOR WHEN IT FINALLY
BECAME CLEAR AT SAN JOSE THAT THE FREEDOM OF ACTION
RESOLUTION WOULD BE ADOPTED BY THE OAS. WE HAVE BEEN
WORKING ON IT SINCE THEN, BASICALLY. WE FINALLY
COMPLETED OUR WORK SEVERAL DAYS AGO AND BEGAN TO BRIEF
THE CONGRESS ABOUT IT YESTERDAY.

Q: MR. ROGERS, SOME WEEKS AGO THE DEPARTMENT LIFTED THE
TRAVEL RESTRICTIONS ON THE CUBAN DELEGATION TO THE UNITED
NATIONS SO THAT THEY COULD GO 250 MILES, WHICH WOULD JUST
TAKE THEM TO ANNANDALE, FROM NEW YORK. CUBAN OFFICIALS
REPORTEDLY HAVE COME TO WASHINGTON ON VARIOUS BUSINESS
MATTERS OF THEIR OWN, PERHAPS WITH THE CZECHS. HAVE ANY
U.S. OFFICIALS HAD CONVERSATIONS WITH ANY CUBAN OFFICIALS

IN WASHINGTON SINCE THE TRAVEL RESTRICTIONS WERE LIFTED?

A: I REALLY WOULD NOT LIKE TO COMMENT ON THAT, AS I SAY, FOR THE BASIC REASON THAT I DO NOT WANT TO SET A PRECEDENT WITH RESPECT TO THE FUTURE.

Q: IF YOU DON'T SAY NO, YOU ARE ALMOST SAYING YES.

A: IT IS A MISTAKE FOR YOU TO READ THAT INTO THAT. BUT I
UNCLASSIFIED

PAGE 06 STATE 199878

THINK THE BASIC POINT IS THAT WE HAVE GOT TO MAINTAIN THE PRIVILEGE OF NOT ANSWERING THAT QUESTION AGAINST THE DAY WHEN WE MAY WANT TO HAVE SUCH RELATIONSHIPS, AND NOT PUT BOB IN THE AWKWARD POSITION OF LYING TO YOU.

Q: PERISH THE THOUGHT.

A: WE DO EVERYTHING TO AVOID THAT AWFUL POSSIBILITY. BUT BASICALLY WHAT I AM SAYING IS I AM NOT GOING TO COMMENT WITH RESPECT TO THAT QUESTION. THE FACT OF THE MATTER IS OBVIOUSLY THAT WE HAVE INDIRECT RELATIONSHIPS WITH THE CUBANS ON A NUMBER OF ISSUES THROUGH THE CZECHS AND THROUGH THE SWISS AND WILL CONTINUE TO DO SO.

Q: TWO QUESTIONS HERE. COULD YOU GIVE US ANY IDEA AT ALL OF THE POSSIBLE SCOPE OF TRADE WHICH MIGHT MATERIALIZE OUT OF THIS? AND DOES THIS LITERALLY MEAN WHAT IT SAYS, THAT THIS WOULD ONLY APPLY IN COUNTRIES WHERE SUBSIDIARIES ARE OPERATING, WHERE LOCAL LAW OR POLICY FAVORS TRADE WITH CUBA? IN OTHER WORDS, THIS WILL NOT BE UNIFORM POLICY FOR AMERICAN SUBSIDIARIES ABROAD IN ALL COUNTRIES.

A: WHERE A COUNTRY FAVORS TRADE WITH CUBA, THOSE ARE THE COUNTRIES WHERE YOU ARE GOING TO HAVE REQUESTS FOR LICENSES BY THE SUBSIDIARY OF THE U.S. FIRM. BASICALLY WHAT WE ARE SAYING IS THAT WHERE A COUNTRY ENCOURAGES OR INSPIRES TRADE WITH CUBA, THE U.S. SUBSIDIARY WILL BE FREE TO TRADE FROM THAT COUNTRY.

Q: WOULDNT IT BE FAIR TO SAY THAT A NUMBER OF --

A: FORGIVE ME, JERRY. DOES THAT RESPOND TO YOUR QUESTION?

Q: I BELIEVE IT DOES TO THE FIRST PART. THE OTHER WAS CAN YOU GIVE US ANY IDEA IN TERMS OF THE NUMBER OF REQUESTS THAT ARE PENDING, AS TO THE POSSIBLE VOLUME INVOLVED HERE?

A: THERE ARE A CONSIDERABLE NUMBER OF REQUESTS PENDING. I THINK, HOWEVER, YOU HAVE TO DISTINGUISH BETWEEN THE

UNCLASSIFIED

PAGE 07 STATE 199878

NUMBER OF REQUESTS THAT ARE PENDING AND THE LIKELY TRADE THAT WILL BE PRODUCED. NOT EVERY REQUEST IS, OBVIOUSLY. GOING TO GENERATE A CONTRACT. IN OTHER WORDS, A FELLOW WILL COME IN AND SAY "WOULD I BE FREE TO DO THIS," AND ESSENTIALLY NOW WE ARE GOING TO BE SAYING YES TO HIM. WHETHER HE WILL ACTUALLY GET THE CONTRACT FROM THE CUBANS IS ANOTHER QUESTION.

I THINK THIS IS ILLUSTRATED IN THE CASE, FOR EXAMPLE,

SINCE WE ARE ON BACKGROUND, OF THE ARGENTINE AUTOMOBILE BUSINESS. THE FACT OF THE MATTER IS THAT ALTHOUGH THERE WAS A CONSIDERABLE FLAP LAST YEAR WHEN IT FIRST CAME UP IN TERMS OF WHETHER OR NOT WE WOULD GRANT THE SPECIFIC LICENSES, THE FACT THAT WE DID GRANT THE LICENSES HAS NOT GENERATED ANY VERY LARGE AMOUNT OF SHIPMENTS FROM ARGENTINA OF THOSE AUTOMOBILES, INTERESTINGLY ENOUGH.

Q: CAN YOU GIVE US AN ILLUSTRATIVE FIGURE OF HOW MANY APPLICATIONS THERE ARE?

A: NO, I CANNOT. BUT YOU CAN GET THAT FROM COMMERCE AND TREASURY. I DON'T HAPPEN TO KNOW SPECIFICALLY.

Q: WOULD IT BE IN THE HUNDREDS?

A: I WOULD BE GUESSING. I THINK SO. BUT I REALLY THINK THE BEST THING TO DO WOULD BE TO GIVE THEM A CALL AND SEE IF THEY COULD GIVE YOU A NUMBER ON THAT.

Q: WOULD IT BE FAIR TO SAY THAT AMERICAN COMPANIES WITH OVERSEAS SUBSIDIARIES ARE EAGER, IF NOT ANXIOUS, TO HAVE THE RIGHT TO DO WHAT YOU ARE NOW ENABLING THEM TO DO? AND THE QUESTION WOULD BE ALSO, HAVE THEY BEEN IMPORTUNING YOU, AS THE STATE DEPARTMENT, TO DO EXACTLY WHAT IS BEING DONE TODAY?

A: I THINK THE ANSWER TO THE FIRST QUESTION IS YES AND THE ANSWER TO THE SECOND PART OF THE QUESTION IS "NOT SO MUCH." THERE ARE A CONSIDERABLE NUMBER OF COMPANIES WHO HAVE BEEN INQUIRING AS TO WHEN WE WERE GOING TO CHANGE

UNCLASSIFIED

PAGE 08 STATE 199878

THE POLICY THAT WE ARE NOW TALKING ABOUT. ON THE OTHER HAND, I DO NOT THINK IT IS FAIR TO SAY THAT THEY HAVE BEEN IMPORTUNING US. I THINK THE AMERICAN BUSINESS COMMUNITY HAS BEEN QUITE UNDERSTANDING ABOUT THE POLICY AND HAS NOT BROUGHT ANYTHING IN THE WAY OF PRESSURE ON THE DEPARTMENT

TO MOVE AHEAD WITH RESPECT TO THIS MATTER. I THINK IT HAS BEEN LARGEY A QUESTION OF INQUIRY RATHER THAN IMPORTUNING FOR A CHANGE.

Q: WHAT COMPANIES ARE INVOLVED HERE?

A: IN THIS CASE?

Q: YES.

A: A LOT HAVE PENDING APPLICATIONS, AS I SAID BEFORE, OVER AT COMMERCE AND TREASURY.

Q: WOULD THIS ENABLE, SAY, A LARGE AMERICAN COMMODITY CORPORATION WITH A BRANCH IN MONTREAL OR TORONTO, FOR EXAMPLE, TO BUY CUBAN SUGAR FOR SALE IN THIRD COUNTRIES?

A: FOR SALE IN THIRD COUNTRIES? THAT GETS INTO SEVERAL COMPLICATED QUESTIONS.

Q: OR IN CANADA.

A: IT GETS INTO SEVERAL COMPLICATED QUESTIONS. ONE. THE QUESTION OF THE BRANCH AS OPPOSED TO A SEPARATE CORPORATION IS A QUESTION THAT PAYS AN AWFUL LOT OF LAWYERS' BILLS IN A NUMBER OF WAYS AND PROBABLY WILL IN THIS SPECIFIC INSTANCE HERE.

Q: DOESN'T THE SUBSIDIARY HAVE TO BE REGISTERED AS A SEPARATE COMPANY?

A: OFTEN IT DOES. THE DISTINCTION IS IMPORTANT FOR A NUMBER OF PURPOSES AND MAY IN THIS CASE. SECONDLY, IT GETS INTO THE HIGHLY COMPLICATED TECHNICAL QUESTION OF FINANCIAL TRANSACTIONS WHICH ARE SUBJECT TO SPECIAL TREASURY REGULATIONS. PRECISELY HOW THOSE ARE GOING TO UNCLASSIFIED

PAGE 09 STATE 199878

BE SORTED OUT, THE FINANCIAL TRANSACTIONS, AFFECTS BANKING, ALL KINDS OF OTHER THINGS, INSURANCE COMPANIES, WE ARE STILL WORKING ON. I THINK WE HAVE GOT A PRETTY GOOD LINE ON IT. BUT I WOULD HESITATE TO GIVE TECHNICAL ANSWERS TO HIGHLY HYPOTHETICAL QUESTIONS LIKE THAT UNTIL THE TREASURY ACTUALLY HAS A LOOK AT PRECISELY WHAT APPLICATIONS COME INTO IT.

Q: WHAT DOES IT MEAN FOR CUBA?

A: WHAT DOES IT MEAN FOR CUBA?

Q: YES.

A: CLEARLY, NOW, CUBA WILL BE IN A POSITION TO PLACE SUCH ORDERS AS IT WANTS TO, AND INDEED IT HAS PLACED A NUMBER IN THE PAST, WITH FIRMS WHICH ARE SUBSIDIARIES OF U.S. CORPORATIONS IN CANADA, IN MEXICO, IN COLOMBIA, IN A NUMBER OF OTHER COUNTRIES WHICH HAVE AFFIRMATIVE POLICIES OF TRADING WITH CUBA -- SPAIN AND SO FORTH. NUMBER TWO, IT WILL MEAN THAT NATIONS WHICH HAVE BEEN INHIBITED IN TERMS OF HAVING THEIR SHIPS AND AIRCRAFT PLY THE CUBAN TRADE, BECAUSE THEY MIGHT BE DENIED U.S. ASSISTANCE, EITHER UNDER THE FOREIGN ASSISTANCE ACT OR PL 480, WILL NO LONGER BE INHIBITED. SO THAT ADDITIONAL VESSELS WILL BE AVAILABLE FOR THE CUBAN TRADE WHICH HAVE HERETOFORE NOT BEEN AVAILABLE FOR THE CUBAN TRADE. THIRDLY, SOME COUNTRIES MAY HAVE BEEN INHIBITED FROM SELLING GOODS TO CUBA BECAUSE OF THE INELIGIBILITY THAT COULD BE CREATED UNDER PL 480, TITLE I. THEY WILL NO LONGER BE INHIBITED FROM DOING THAT.

THESE BASICALLY, I THINK. ARE THE SIGNIFICANCES OF THE MOVE FOR CUBA ITSELF.

Q: MR. ROGERS, HAVE YOU DISCUSSED THIS AT ALL WITH THE AFL-CIO, WHICH WAS WORRIED ABOUT JOBS BEING TAKEN AWAY FROM AMERICAN FACTORIES THROUGH THEIR SUBSIDIARIES?

A: IN FOREIGN COUNTRIES? NO, THIS HAS NOT BEEN RAISED. I DO NOT THINK WE ARE FACED WITH A SERIOUS PROSPECT ON UNCLASSIFIED

PAGE 10 STATE 199878

THAT FRONT, BUT WE ARE GOING TO MONITOR IT VERY CLOSELY.

Q: DO YOU HAPPEN TO HAVE OFF THE TOP OF YOUR HEAD OR IN FRONT OF YOU THERE THE DATE WHEN THESE RESTRICTIONS WENT INTO EFFECT?

A: I DO, MURREY, IF IT WOULD BE HELPFUL.

Q: COULD YOU PRECISELY SAY WHAT THEY WERE?

A: YES, IF YOU WANT TO RUN DOWN THIS TECHNICALLY, I CAN DO THAT.

THE FOREIGN ASSISTANCE ACT OF 1961 PROHIBITED ASSISTANCE TO COUNTRIES THAT PROVIDED ASSISTANCE TO CUBA. THAT BECAME EFFECTIVE IN 1961. ANOTHER PROVISION OF THE FOREIGN ASSISTANCE ACT, WHICH BECAME EFFECTIVE IN 1962, PROHIBITED AID TO COUNTRIES THAT ALLOWED THEIR SHIPS AND AIRCRAFT TO TRADE WITH CUBA.

PROVISIONS OF PL-480, WHICH BECAME EFFECTIVE IN 1966, PROHIBITED TITLE I SALES UNDER PL-480, WHICH ARE CONCESSIONAL ASSISTANCE-TYPE SALES OF AGRICULTURAL COMMO-

DITIES, TO COUNTRIES WHICH EITHER TRADED WITH CUBA, IN OTHER WORDS, SOLD GOODS TO CUBA, OR PERMITTED THEIR SHIPS AND AIRCRAFT TO MOVE TO CUBA.

Q: WAS THAT ONE WAIVED IN THE CASE OF BANGLADESH?

A: CORRECT. BANGLADESH WAS A PROBLEM UNDER THAT PARTICULAR PROVISION BECAUSE WE HAVE CONSIDERABLE TITLE I ASSISTANCE IN BANGLADESH, AND THEY HAD MINOR SALES. I HAVE FORGOTTEN WHAT THE COMMODITY WAS.

Q: FERTILIZER?

Q: GUNNYSACKS?

A: GUNNYSACKS, RIGHT.

Q: IT WAS HEMP ON THEIR SIDE. HOW WAS THAT RESOLVED, UNCLASSIFIED

PAGE 11 STATE 199878

MR. SECRETARY?

A: I THINK THAT WAS WAIVED. I CAN CHECK THAT FOR YOU, BUT I THINK THERE WAS A WAIVER ON THAT.

Q: ARE THERE MANY OTHER COUNTRIES WHICH WOULD COME UNDER THIS, WHICH WOULD NOW QUALIFY?

A: I AM NOT SURE. I WILL HAVE TO CHECK THAT.

I AM SORRY.

Q: ARE THERE MANY OTHER COUNTRIES WHICH WOULD QUALIFY FOR TITLE I NOW?

A: WILL IT MAKE A CONSIDERABLE DIFFERENCE, NO. IT WILL NOT EXPAND THE LIST OF ELIGIBLE COUNTRIES. WHAT IT MAY BE IS REMOVE WHAT HAS BEEN A MINOR IMPOSITION WITH RESPECT TO SOME COUNTRIES WHO HAVE CONSTRAINED THEIR OWN SHIPS AND AIRCRAFT, FOR EXAMPLE.

Q: FROM WHAT YOU HAVE SAID, THIS IS A CONSIDERABLE GAIN AND ADVANTAGE TO CUBA.

A: COULD I FINISH THE LIST FOR MR. MARDER?

Q: I'M SORRY.

A: THEN WE CAN COME AROUND TO THAT IN A SECOND. FORGIVE ME, BUT I THINK IF PEOPLE ARE TAKING THIS DOWN I MIGHT AS WELL GIVE YOU ALL THE CITATIONS.

THEN THE CUBAN ASSETS CONTROL REGULATIONS, WHICH ARE ADMINISTERED BY THE TREASURY DEPARTMENT, BECAME EFFECTIVE IN 1963. THEY ESSENTIALLY PROHIBITED THE TRADING WITH CUBA OF U.S. SUBSIDIARIES ABROAD. I AM SIMPLIFYING IT, BUT I THINK NOT EXCESSIVELY. THOSE ARE THE REGULATIONS WHICH READ, "ON THE U.S. SUBSIDIARIES IN FOREIGN COUNTRIES."

IN ADDITION TO THAT, THE COMMERCE REGULATIONS, WHICH FOR UNCLASSIFIED

PAGE 12 STATE 199878

THE MOST PART BECAME EFFECTIVE IN 1964, EXPORT CONTROL

REGULATIONS, AND THEY WERE UNDER THE EXPORT ADMINISTRATION ACT, PROHIBITED UNLICENSED USE OF U.S. ORIGIN GOODS-- MATERIALS, COMPONENTS, ETC.--TO BE INCORPORATED INTO PRODUCTS SHIPPED TO CUBA--ANOTHER KIND OF CONSTRAINT THAT READ "ON THIRD-COUNTRY SUBSIDIARIES," BUT IT ALSO READ "ON UNAFFILIATED CORPORATIONS."

FINALLY, THE EXPORT CONTROL REGULATIONS, ALSO THE COMMERCE DEPARTMENT, OF 1963, WHICH PROHIBITED THE BUNKERING IN U.S. PORTS OF VESSELS WHICH WERE IN THE CUBAN TRADE.

Q: MR SECRETARY, CAN WE ASSUME THAT THIS HAS BEEN DISCUSSED WITH THE MEMBERS OF THE CONGRESSIONAL COMMITTEES WHICH ARE PERTINENT TO THIS?

A: YES.

Q: AND ENCOUNTERED NO OPPOSITION, OR NO SERIOUS OPPOSITION?

A: I AM ALWAYS APPREHENSIVE ABOUT SPEAKING FOR THE CONGRESS, AS I FIND THAT THERE ARE FIVE HUNDRED AND THIRTY-FIVE. BUT WE DID, YOU ARE QUITE RIGHT, BEGIN CONSULTING WITH THE CONGRESS ABOUT 24 HOURS AGO. WE CONSULTED VERY WIDELY. THE INITIAL RESPONSES THAT WE GOT BACK FROM AT LEAST ALL OF THOSE THAT I TALKED WITH WERE, AT A MINIMUM, UNDERSTANDING, AND AT THE MAXIMUM, A NUMBER OF CONGRESSMEN SAID THAT THEY WERE VERY PLEASED THAT WE WERE MOVING AHEAD ON THIS MATTER.

Q: CAN YOU TELL US WHO YOU SPOKE WITH?

A: I WOULD RATHER NOT BECAUSE I THINK IT IS BETTER TO SPEAK TO THEM. BUT I AM SURE THAT YOU KNOW THE CONGRESSMEN WHO HAVE BEEN INTERESTED IN THE ISSUE OF OUR RELATIONSHIPS WITH CUBA: SENATORS JAVITS AND PELL, FOR EXAMPLE, WHO HAVE BEEN THERE. CONGRESSMAN WHALEN, WHO RECENTLY RETURNED. HE WAS NOT AVAILABLE I MIGHT SAY. HE WAS OFF

UNCLASSIFIED

PAGE 13 STATE 199878

TRAVELING IN EUROPE, BUT WE TRIED TO REACH HIM. SENATOR KENNEDY, AND A WIDE VARIETY OF OTHERS. THEY ARE ALL BRIEFED ON THIS MATTER, AND I THINK THE BEST THING TO DO MIGHT BE TO GIVE THEM A CALL AND SEE IF THEY HAVE ANY SPECIFIC COMMENTS ON THIS QUESTION.

Q: MCGOVERN?

A: YES.

Q: HOW ABOUT PEOPLE LIKE DANTE FASCELL?

A: RIGHT. YOU MAY ASSUME THAT WE HAVE TALKED TO EVERY-BODY WHO HAS BEEN INTERESTED IN THE CUBAN QUESTION. AND THAT IS A LOT OF THEM.

Q: ON THE BILATERAL TRADE WITH CUBA, WHICH IS NOW PROHIBITED, THE CUBANS WERE SAYING FREQUENTLY LAST YEAR THAT A PRECONDITION FOR THE OPENING OF DISCUSSIONS ON THE NORMALIZATION OF RELATIONS WITH THE UNITED STATES WOULD BE THE U.S. LIFTING OF THE U.S. TRADE EMBARGO. AS FAR AS I KNOW, THEY HAVE NOT REPEATED THAT DEMAND LATELY. DO YOU ATTACH ANY SIGNIFICANCE TO THAT? DO YOU PERCEIVE SOME RETREAT FROM THEIR POLICY OF 1974?

A: NO. AS I HAVE SAID BEFORE AT THIS PODIUM, THE PROBLEM OF DIPLOMATIC NEGOTIATIONS IS DIFFICULT ENOUGH WHEN IT IS DONE DIRECTLY FACE TO FACE. WHEN IT IS DONE THROUGH THE PRESS--WITH THE GREATEST OF RESPECT--IT BECOMES EVEN MORE COMPLICATED. WE HAVE HAD TROUBLE FIGURING OUT PRECISELY WHAT OTHER COUNTRIES' DIPLOMATIC POSITION IS WITH RESPECT TO NEGOTIATIONS WHEN WE TRY TO INTERPRET IT THROUGH THE MEMBRANE OF THE PRESS. BY THE SAME TOKEN, I AM SURE THE CUBANS WOULD HAVE TROUBLE FIGURING OUT WHAT OUR POSITION IS WHEN THEY TRY TO DO IT THAT INDIRECTLY. THIS IS THE BASIC REASON WHY WE HAVE TAKEN THE POSITION THAT WE ARE PREPARED FOR DISCUSSIONS DIRECTLY, HEAD-TO-HEAD, SERIOUS EXCHANGES ON A RECIPROCAL BASIS. BUT I WOULD REALLY NOT LIKE TO TRY TO COMMENT, STATE WHAT ONE OUGHT TO INTERPRET IN TERMS OF CUBAN POSITION FROM WHAT HAS BEEN STATED BY CASTRO PUBLICLY.

UNCLASSIFIED

PAGE 14 STATE 199878

Q: MR. SECRETARY, I HAVE TWO QUESTIONS, AND THEY ARE NOT RELATED TO EACH OTHER.

NUMBER ONE, WAS THIS ANNOUNCEMENT MERELY A COINCIDENCE THAT IT WAS MADE ON THE DAY FOLLOWING PREMIER CASTRO'S

STATEMENT IN MEXICO CITY THAT THE UNITED STATES WAS MAIN-TAINING, OR WAS IT TYING TO THAT STATEMENT SORT OF A "LOOK, HERE'S WHAT WE REALLY ARE DOING"?

AND THE OTHER QUESTION, SIR, IS, IF A THIRD COUNTRY IS TRADING WITH CUBA AND CUBA WANTS TO PAY MONEY THAT IT

HAS ON DEPOSIT IN BANKS IN NEW YORK, CAN THAT THIRD COUNTRY WITHDRAW THE MONEY FROM THE NEW YORK BANKS?

A: THE ANSWER TO THE FIRST QUESTION IS YES IT IS A COINCIDENCE. AS I SAID BEFORE, THIS PROCESS OF THE ELIMINATION OF THE THIRD-COUNTRY CONSTRAINTS HAS FROM THE VERY BEGINNING OF SAN JOSE COMMITTED ITSELF AS A NECESSARY EXTENSION, CARRYING OUT, EFFECTUATION OF THE DECISION MADE AT SAN JOSE AND OF OUR VOTE AT SAN JOSE. WE ESSENTIALLY HAVE BEEN GOING THROUGH THE BUREAUCRATIC EXERCISE OF CROSSING THE T'S AND DOTTING THE I'S ON IT SINCE THE SAN JOSE MEETING. WHEN WE FINISHED THAT PROCESS WITH THE EXECUTIVE DEPARTMENT OF THE UNITED STATES GOVERNMENT, WE THEN, AS I SAID, STARTED YESTERDAY TO CONSULT WITH THE CONGRESS. WE WANTED TO LEAVE OURSELVES SUFFICIENT TIME ON THAT.

I MIGHT ALSO SAY THAT WE HAVE ADVISED A NUMBER OF OUR DIPLOMATIC FRIENDS, SAY OTHER NATIONS, ABOUT THE STEP THAT WE ANTICIPATED TODAY SO IT WOULDN'T COME AS A COMPLETE SURPRISE TO THEM.

ALL THESE THINGS CAME TOGETHER ESSENTIALLY TODAY, AND THAT IS WHY WE ARE HERE, AND IT IS NOT ESSENTIALLY DESIGNED IN TERMS OF TIME TO RESPOND TO WHAT WENT ON IN HAVANA YESTERDAY.

NOW, IN TERMS OF THE SECOND QUESTION, THE CUBAN ASSETS ARE UNCLASSIFIED

PAGE 15 STATE 199878

STILL BLOCKED. WHAT I AM TALKING ABOUT HERE TODAY DOES NOT AFFECT THE BLOCKING OF CUBAN ASSETS IN NEW YORK BANKS.

Q: LEAVING THE PRESS AND ITS MEMBRANE OUT OF IT --

A: WE'RE ON BACKGROUND NOW.

Q: -- WHAT HAS CUBAN RESPONSE -- FREQUENTLY RUPTURED (LAUGHTER) -- WHAT HAS THE CUBAN OFFICIAL RESPONSE BEEN TO THE SECRETARY'S DECLARATION THAT THE UNITED STATES STANDS READY TO DISCUSS THESE MATTERS?

A: I DO NOT KNOW, JERRY, THAT I'VE SEEN ANY SPECIFIC COMMENT BY FIDEL DIRECTLY.

Q: IF THERE HAD BEEN AN OFFICIAL COMMENT, YOU WOULD KNOW IT?

A: YES, I FOLLOW WHAT HE SAYS VERY CAREFULLY. I HAVE NOT SEEN ANY RESPONSE DIRECTED TO THOSE STATEMENTS.

Q: HOW MUCH IS IN THE BANKS, SIR?

A: I BEG PARDON.

Q: IN NEW YORK, NEW YORK BANKS, CUBAN ASSETS. CUBAN ASSETS IN NEW YORK BANKS, HOW MUCH?

A: I DO NOT KNOW. WE CAN FIND OUT FOR YOU IF YOU WOULD LIKE TO KNOW. I DO NOT KNOW THE ANSWER.

Q: HOW MANY COUNTRIES DO NOT FAVOR TRADE WITH CUBA RIGHT NOW?

A: THERE ARE FOUR OR FIVE IN LATIN AMERICA AT LEAST. THAT IS MY AREA OF RESPONSIBILITY, AND THAT REALLY IS ABOUT THE ONLY AREA I CAN SPEAK TO DIRECTLY, BUT THERE ARE FOUR OR FIVE, I THINK, THAT STILL OFFICIALLY MAINTAIN-- MAYBE MORE THAN THAT STILL. I AM THINKING NOW ABOUT SUCH COUNTRIES AS COSTA RICA. WHETHER THEY FORMALLY DISMANTLED THEIR CONSTRAINTS ON CUBAN TRADE I AM NOT REALLY SURE.

UNCLASSIFIED

PAGE 16 STATE 199878

BUT A MINIMUM OF FOUR OR FIVE. MAYBE AS MANY AS HALF A DOZEN. (END BACKGROUND). MAW

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS CONFERENCES, SANCTIONS, SUBSIDIARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE199878
Document Source: ADS
Document Unique ID: 00
Drafter: ARA/PAF: PENIEBURG: JZ
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750290-1062
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197508101/baaaastu.tel
Line Count: 683
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisooob
Review Comment: n/a
Review Content Flags:
Review Date: 03 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 MAR 2003 by ReddocGW>; APPROVED <08 MAR 2004 by ellisooob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: PFOR, ETRD, CU, US, OAS, (ROGERS, WILLIAM P)
To: ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
USUN N Y
USINCSO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006